Ansaldo STS S.p.A.
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PRESS RELEASE

Genoa, 6 March 2009

# THE BOARD OF DIRECTORS APPROVES THE 2008 DRAFT ANNUAL REPORT AND CALLS THE SHAREHOLDERS' MEETING

- **Draft annual report and 2008 consolidated accounts approved**
- **Dividend of EUR 0.27 per share (+35%) to be proposed to the shareholders' meeting**
- **Ansaldo STS closes 2008 with a consolidated net profit of EUR 78 million (+33.1%)**
- **Value of production at EUR 1,106 million (+13.6%)**
- **EBIT up to EUR 118 million (+17.2%)**
- **New orders for the year of EUR 1,297 million**
- **Order backlog at 31 December 2008 of EUR 3,136 million**
- **Net financial position positive at EUR 196 million (+6.2%)**
- **Group restructuring continues**
- **Shareholders' meeting called**

## DRAFT ANNUAL REPORT AND 2008 CONSOLIDATED ACCOUNTS APPROVED. PAYMENT OF 2008 DIVIDEND TO BE PROPOSED

The Board of Directors of Ansaldo STS (STS.MI), meeting today under the chairmanship of Alessandro Pansa, has approved the draft 2008 annual report, which will be put before the shareholders' meeting convened for 27 -28 April 2008, as well as the consolidated 2008 accounts for the Ansaldo STS Group.

For the year 2008, Ansaldo STS registered a **consolidated net profit** of EUR 77.6 million, a significant rise (+33.1%) compared to the EUR 58.3 million booked for 2007.

The Board of Directors has decided to propose to the annual shareholders' meeting a dividend of EUR 0.27 per share cum dividend, gross of statutory withholding tax, a rise on the previous year and to be paid from 14 May 2009 (ex-date: 11 May 2009, coupon no. 2).

The overall proposed dividend amount, with partial use of retained earnings, is EUR 26,971,069.50, equivalent to around 35% of consolidated group profit for 2008. The dividend of EUR 0.27 per share proposes is 35% higher than that paid in 2007 (EUR 0.20), and reflects growth in the group's consolidated results over the last year.

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Dividends are not due to the own shares held by the company on the ex-date. Currently, the company holds **107,150** own shares, and no purchases or sales of shares are expected before the above-mentioned ex-date.

**Sergio De Luca, CEO of Ansaldo STS,** commented: *"The results registered in 2008, with all figures showing a rise, confirm the company's reliability and its capacity to meet the forecasts announced to the market. Thanks to the positive business performance of the group last year, we can also offer shareholders a dividend 35% higher than the previous year's. We increased our order backlog again in 2008, signing contracts in Europe, Asia, America, Africa and Australia. This is proof of how the technological excellence of Ansaldo STS in both business segments (signalling and transport systems) is respected on all continents".*

The Board also approved the draft annual reports of Ansaldo Trasporti Sistemi Ferroviari and Ansaldo Segnalamento Ferroviario, incorporated into Ansaldo STS with effect from 1 January 2009, which will also be put before the Ansaldo STS shareholders' meeting.

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**2008 RESULTS**

| Key figures (EUR m) | 12 Months 2008 | 12 Months 2007 | % chg. |
|---|---|---|---|
| ***New orders*** | **1,296.6** | 1,532.5 | *-15.4%* |
| **Order backlog** | **3,136.4** | 2,980.0 | *5.2%* |
| ***Production revenues*** | **1,105.5** | 973.1 | *13.6%* |
| ***EBIT*** | ***117.6*** | *100.3* | *17.2%* |
| ***EBIT margin*** | ***10.63%*** | *10.31%* | *p.p.+ 0.32* |
| **Net profit** | **77.6** | 58.3 | *33.1%* |
| **Working capital** | **(166.3)** | (216.7) | *-23.3%* |
| **Net financial position** | **(195.9)** | (184.5) | *6.2%* |
| **R&D** | **44.5** | 41.2 | *8.0%* |
| **Headcount** | **4,352** | 4,243 | *2.6%* |
| **EPS** | **0.78** | 0.58 | *34.5%* |

**Production revenues** for the full year were EUR **1,105.5 million,** up 13.6% compared to 2007 (EUR 973.1 million)**.**
**EBIT** also rose in 2008, coming in at EUR **117.6** million compared to EUR 100.3 million in 2007.

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The group's EBIT margin rose, from 10.31% the previous year to **10.63%**.
**New orders** for the year totalled EUR 1,296.6 million, a fall compared to 2007 (EUR 1,532.5 million), which included an exceptional single order relating to Line 6 of the Naples Metro. The **order backlog** to 31 December 2008 totalled EUR **3,136.4** million, compared to EUR 2,980.0 million the previous year.

| Country | Project | Client | Value *(EUR m)* |
|---|---|---|---|
| Malaysia | From North Ipoh to Pedang Besar* | MMV Gramuda | 135.0 |
| Turkey | Bogazkopru - Ulukisla-Yenice and Mersin - Toprakkale | TCDD | 126.0 |
| Italy, France & the US | Total Components / Service & Mantainance | Various | 120.0 |
| Turkey | Ankara Metro | Ankara Municipality | 107.0 |
| Italy | Rome Line C* | Rome Metro | 56.4 |
| Italy | Alifana – changes* | Campania Metro | 53.3 |
| China | ERTMS On Board & Wayside on Zhengxi line | MoR | 48.3 |
| UK | Cambrian Line phases 2/3 | Network Rail | 44.3 |
| Sweden | ERTMS Level 2 ("ESTER") | BV | 26.2 |
| France | On Board Bi - Standard Equipment | SNCF | 25.5 |
| Italy | Vesuviane – changes* | Circum Vesuviana | 24.2 |
| France | HSL Rhin / Rhone (SEI - DBC) | RFF | 23.0 |
| Italy | ATC On Board 6th lot | Trenitalia | 21.1 |
| Tunisia | Elettrification and Signalling on the southern outskirts of Tunis | SNCFT | 18.2 |
| Australia | Various ARTC projects | ARTC | 17.9 |
| China | China: Shanghai Line 2 East Extension | Shentong | 16.4 |
| Australia | ATO Phase 3* | Rio Tinto | 15.4 |
| Brazil | CPTM Lines A & F | CPTM | 15.3 |
| Australia | Mesa A Signal Construction | Robes River Mining | 14.3 |
| Italy | ACC Rho | RFI | 14.0 |
| Australia | Various Rio Tinto Projects | Rio Tinto | 14.0 |
| Australia | ATMS phase 2 | ARTC | 14.0 |
| Italy | ACC Pisa | RFI | 13.5 |
| Italy | Florence Tramway – changes order* | Florence municipality | 13.4 |
| Australia | Brockman 4 | Hamersley Iron | 12.5 |
| Italy | HSL MI - BO | CEPAV 1 | 12.3 |
| France | Various Vital Relays (Components) | SNCF / RATP | 12.2 |

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| | | | |
|---|---|---|---|
| China | Chengdu Line 1 | INSIGMA | 10.7 |
| China | Shenyang Line 2 | INSIGMA | 9.5 |
| Australia | Goonyella - Broadlea Wotonga Implementation | Queensland Railways | 9.3 |
| Australia | ICSS Fitout - 30 Locomotives | Hamersley Iron | 9.1 |

*(*) Orders acquired by the Transport Systems Unit in 2008*

At 31 December 2008, the group had a positive **net financial position** of EUR **195.9 million**, an increase of 6.2% compared to EUR 184.5 million at the end of 2007. **Consolidated net invested capital** was positive at EUR 42.9 million at 31 December 2008, compared to a negative figure of EUR 6.8 million at 31 December 2007. **Working capital** came in at EUR **166.3** million at 31 December 2008, compared to EUR -216.7 million at 31 December 2007.

**Consolidated Income Statement**

**Ansaldo STS group**

| ***Consolidated income statement*** *(EUR m)* | ***Figure at 31.12.08*** | ***Figure at 31.12.07*** |
|---|---|---|
| | | |
| ***Production revenues*** | ***1,105.5*** | ***973.1*** |
| | | |
| Purchasing and staff costs | (976.0) | (860.8) |
| Depreciation and amortisation | (10.5) | (10.4) |
| Write-downs | (3.7) | (0.6) |
| Other net operating revenues (costs) | 6.5 | (2.0) |
| Change in inventories, semi-finished and finished products and goods | (2.6) | 1.0 |
| Restructuring costs | (1.6) | - |
| | | |
| ***EBIT*** | ***117.6*** | ***100.3*** |
| | | |
| Net financial income (expenses) | 4.4 | 3.6 |
| Income taxes | (44.4) | (45.6) |
| | | |

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| | | |
|---|---:|---:|
| **NET PROFIT** | ***77.6*** | ***58.3*** |
| Earnings per share *(Basic and Diluted)* | *0.78* | *0.58* |

### Consolidated balance sheet

### Ansaldo STS group

| ***Consolidated balance sheet (EUR m)*** | ***31.12.08*** | ***31.12.07*** |
|---|---:|---:|
| | | |
| Non-current assets | 254.0 | 257.1 |
| Non-current liabilities | (44.8) | (47.2) |
| | **209.2** | **209.9** |
| | | |
| Inventories | 92.8 | 98.3 |
| Contract work in progress | 145.7 | 151.9 |
| Trade receivables | 370.0 | 326.5 |
| Trade payables | (213.5) | (194.5) |
| Customer advances | (502.4) | (506.8) |
| Short-term provisions for risks and charges | (28.5) | (26.2) |
| Other net current assets (liabilities) | (30.4) | (65.9) |
| ***Working capital*** | ***(166.3)*** | ***(216.7)*** |
| | | |
| ***Net invested capital*** | **42.9** | ***(6.8)*** |
| | | |
| Group shareholders’ equity | 238.3 | 177.3 |
| Minority interests | 0.5 | 0.4 |
| ***Shareholders’ equity*** | **238.8** | ***177.7*** |
| | | |
| ***Net debt (cash)*** | ***(195.9)*** | ***(184.5)*** |

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## Cash flow statement

## Ansaldo STS group

| *Cash Flow (EUR m)* | *31.12.08* | | *31.12.07* | |
|---|---|---|---|---|
| | | | | |
| **Cash and cash equivalents – opening balance** | **63.4** | | **48.6** | |
| | | | | |
| Cash flow from operations (gross) | 131.5 | | 112.3 | |
| Changes in other operating assets and liabilities | (58.6) | | (41.0) | |
| **Funds From Operations** | | **72.9** | | **71.3** |
| Change in working capital | (16.3) | | (26.6) | |
| **Cash flow generated by (used in) operating activities** | **56.6** | | **44.7** | |
| | | | | |
| Cash flow from ordinary investments | (13.3) | | (17.8) | |
| **Free operating cash flow** | | **43.3** | | **26.9** |
| Strategic investments | (2.1) | | (2.3) | |
| Other changes in investments | - | | 0.6 | |
| **Cash flow generated by (used in) investments** | **(15.4)** | | **(20.1)** | |
| Dividends paid | (20.0) | | - | |
| Cash flow from financing activities | (13.5) | | (8.9) | |
| **Cash flow generated by (used in) financing** | **(33.5)** | | **(8.9)** | |
| | | | | |
| **Exchange rate differences** | 0.4 | | (0.9) | |
| | | | | |
| **Cash and cash equivalents – closing balance** | **71.5** | | **63.4** | |

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## Results by sector of activity

| *EUR m* | SIGNALLING | | TRANSPORT SYSTEMS | |
|---|---|---|---|---|
| | At 31/12/08 | At 31/12/07 | At 31/12/08 | At 31/12/07 |
| *New orders* | 963.6 | 822.3 | 342.5 | 802.7 |
| *Order backlog* | 1,526.4 | 1,389.8 | 1,843.5 | 1,809.9 |
| *Production revenues* | 824.5 | 750.1 | 301.6 | 241.4 |
| *EBIT* | 97.0 | 86.5 | 28.1 | 22.0 |
| *EBIT margin* | 11.76% | 11.53% | 9.31% | 9.1% |
| *Working capital* | (37.2) | (68.7) | (122.9) | (143.3) |
| *Net invested capital* | 54.2 | 11.2 | (3.0) | (20.8) |
| *Research and development* | 41.6 | 37.8 | 2.9 | 2.3 |
| *Headcount* | 3,901 | 3,866 | 376 | 327 |

***Notes to the table***
***The figures shown in the table do not include dealings with other divisions.***

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## Significant events since year-end

The merger of the two Italian operating companies ATSF and ASF into the parent company Ansaldo STS SpA became effective on 1 January 2009.

On January 21st 2009 Ansaldo STS signed a contract worth EUR 54 million to design and construct rail electrification equipment for Line 1 of the Naples metro for the stretch between Piazza Dante and Piazza Garibaldi.

On March 3rd 2009 Ansaldo STS, through subsidiary Ansaldo STS Australia, signed an important new cooperation agreement with Australian Rail Track Corporation (ARTC) to work on projects relating to signalling systems aimed at improving the capacity, reliability and efficiency of coal transport corridors owned or managed by ARTC in the states of New South Wales and Victoria. Is estimated that the agreement will generate in three years revenues for over EUR 150 million.

**Parent company net profit** was EUR 7.6 million; the fall compared to 2007 (EUR 43.2 million) was due mostly to the fact that the dividends paid in 2008 by subsidiary Ansaldo Segnalamento Ferroviario to its direct parent company Ansaldo Trasporti Sistemi Ferroviari (EUR 23.5 million) were acquired by Ansaldo STS following the incorporation of the two Italian subsidiaries, with effect from 1 January 2009, resulting in no positive effect on the 2008 accounts.

The balance sheet and income statement for 2008 relating to the parent company **Ansaldo STS SpA** are shown below.

| **Income statement** *(EUR m)* | *31/12/2008* | *31/12/2007* |
|---|---|---|
| | | |

| | | |
|---|---|---|
| Revenues | 18.3 | 14.0 |
| Value of production | 18.3 | 14.0 |
| | | |
| Purchasing and staff costs | (21.8) | (22.8) |
| Depreciation and amortisation | (1.9) | (1.9) |
| Write-downs | - | - |
| Other net operating revenues (costs) | (2.1) | 2.5 |
| Changes in work in progress. semi-finished and finished goods | - | - |
| | | |
| EBIT | (7.5) | (8.2) |
| | | |
| Net financial income (expenses) | 13.6 | 48.4 |
| Income taxes | 1.5 | 3.0 |
| | | |
| Net profit (loss) | 7.6 | 43.2 |

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| *Balance sheet (EUR m)* | *31/12/2008* | *31/12/2007* |
|---|---|---|
| | | |
| **Non-current assets** | 173.3 | 159.6 |
| **Non-current liabilities** | (1.3) | (2.5) |
| | 172.0 | 157.1 |
| | | |
| Inventories | - | - |
| Contract work in progress | - | - |
| Trade receivables | 4.4 | 7.2 |
| Trade payables | (6.9) | (8.4) |
| Customer advances | - | - |
| Provisions for risks and future liabilities | (2.1) | - |
| Other net assets (liabilities) | (1.6) | (3.5) |
| **Working capital** | **(6.2)** | **(4.7)** |
| | | |
| **Net invested capital** | **165.8** | **152.4** |
| | | |
| **Shareholders' equity** | **148.0** | **161.9** |
| | | |
| **Net financial position** | **17.8** | **(9.5)** |

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| *Cash Flow* *(€ mil.)* | *31.12.2008* | | *31.12.2007* | |
|---|---|---|---|---|
| | | | | |
| | | | | |
| **Cash and cash equivalents – opening balance** | **0.5** | | **0.9** | |
| | | | | |
| Cash flow from operations (gross) | (5.0) | | (5.6) | |
| Changes in other operating assets and liabilities and provisions for risks and charges | 8.9 | | (0.6) | |
| **Funds from operations (FFO)** | | **3.9** | | **(6.2)** |
| Change in working capital | 1.3 | | 5.2 | |
| **Cash flow generated by (used in) operating activities** | **5.2** | | **(1.0)** | |
| | | | | |
| Cash flow from ordinary investments | (0.6) | | (0.5) | |
| Share Premium return | - | | 40.0 | |
| Dividends received | 14.5 | | 50.2 | |
| **Free operating cash flow (FOCF)** | | **19.1** | | **88.7** |
| Strategic investments | (25.6) | | - | |
| Changes in other financial assets | 1.0 | | (0.9) | |
| **Cash flow generated by (used in) investment activities** | **(10.7)** | | **88.8** | |
| | | | | |
| Dividends paid | (20.0) | | - | |
| Capital increases excluding share buybacks | - | | - | |
| Cash flow from financing activities | 30.1 | | (88.2) | |
| **Cash flow generated by (used in) financing activities** | **10.1** | | **(88.2)** | |
| | | | | |
| **Exchange rate differences** | - | | - | |
| **Cash and cash equivalents – closing balance** | **5.1** | | **0.5** | |

Jean Paul Giani, the director responsible for drawing up the company's accounting statements, hereby declares, pursuant to article 154-bis, paragraph 2 of the Testo Unico della Finanza law, that the information contained in this press release accurately represents the figures contained in the group's accounting records.

*[N.B.: pursuant to paragraph 7, article IA.2.9.3 of the Instructions of the Italian*

***Stock Exchange, if “alternative performance indicators” [such as “net financial position”] are used in the press release, companies must follow the recommendation of CESR/05-178b published on 3 November 2005]***

## PROPOSAL TO THE SHAREHOLDERS’ MEETING REGARDING SHARE BUYBACK

Following the resolutions passed by the shareholders’ meeting of 2008, the Board has decided to ask the shareholders to renew the authorisation to buy and sell own shares in order they can be used, in accordance with the laws in force (and accepted market practice, if recognised), in the following cases:

- to service the share incentive schemes approved by the company
- as part of transactions relating to normal operations and industrial projects in line with the company’s strategic guidelines, which may also include swaps, exchanges transfers or other disposals relating to industrial projects or extraordinary financing operations
- to exploit effective investment opportunities for the company’s liquidity in relation to company growth and the trend on equity markets.

The Board will ask for approval to purchase shares up to the maximum amount allowed by law, that is up to 10% of the company’s share capital at the time, taking into account the own shares held by the company and its subsidiaries, for a period of 18 months from the shareholders’ approval.

The potential maximum outlay expected for the operation is around EUR 99 million.

The buyback operations will be carried out in accordance with article 132 of legislative decree 58/1998, and article 144-*bis* of the issuer regulations and other applicable legislation, as well as accepted market practice, if recognised.

Specifically, the share buybacks must be carried out pursuant to the procedures laid down in article 144-*bis*, paragraph 1, letters b) and c) of the issuer regulations. The purchases may be implemented according to methods other than those indicated above where permitted by article 132, paragraph 3 of legislative decree 58/1998 or other provisions applicable at the time of the operation.

The price of the shares purchased may not be 15% above or below the market price of the share on the Italian stock market in the session prior to each operation.

Note that share buyback operations are not intended to reduce share capital.

Prices of the shares in sales transactions, and in particular the sale of own shares, may not be 10% lower than that registered on the Italian stock exchange in the session prior to each operation. The shares used to service the incentive schemes approved by the company shall be assigned free of charge to the plans' recipients according to the procedures and terms set out in the regulations of the plans themselves. In the event that the shares are used in swaps, exchanges, transfers or

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any other disposals not in cash, the financial terms of the transaction shall be determined based on its nature, also taking into account the performance of the Ansaldo STS share on the market.
The company currently holds 107,150 own shares, equivalent to 0.107% of the share capital.

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**COMPANY RESTRUCTURING**

In order to implement the company restructuring ratified on 19 December 2007 and confirmed on 18 April 2008, the Board also approved the plan to merge Ansaldo Signal NV in liquidation ( Ansaldo Signal NV) into Ansaldo STS.
Ansaldo Signal NV is a company incorporated under Dutch law, and its merger into Ansaldo STS is in accordance with directive 2005/56/EC of 26 October 2005 on cross-border mergers, implemented in Italy by legislative decree 108 of 30 May 2008 and in the Netherlands by act 260/261 effective from 15 July 2008.
The objective of the merger is to simplify the current chain of control relating to Ansaldo STS. Specifically, the merger will:

- reduce the costs relating to the group’s current structure
- prevent duplication of competences among companies and longer times for internal procedures
- simplify financial flows
- strengthen Ansaldo STS’ financial structure.

The merger is also consistent with the plan to strengthen the role and business carried out by the company, which began with the merger of Ansaldo Trasporti – Sistemi Ferroviari SpA and Ansaldo Segnalamento Ferroviario SpA into Ansaldo STS, effective from 1 January 2009.
Taking into account that Ansaldo Signal NV is a 100%-owned subsidiary of Ansaldo STS, the merger will be decided by the Board of Directors of Ansaldo STS, pursuant to article 2505 of the Italian civil code. As this is a simplified merger, Ansaldo STS will not launch a capital increase, nor will it assign – pursuant to article 2504-*ter* of the Italian civil code – shares to replace the shareholding held in Ansaldo Signal NV, which will be cancelled without exchange on completion of the merger.
Similarly, no change is expected to be made to Ansaldo STS’ articles of association.
As the merger does not involve any changes to the articles of association, nor set out any grounds for shareholder withdrawal pursuant to current legislation, the merger will not give rise to any right of withdrawal by the shareholders of Ansaldo STS.
As it is a merger into the Parent Company of a wholly-owned subsidiary, the merger will not have any accounting effect on the consolidated accounts of the Ansaldo STS group.

From the date the merger becomes legally effective, Ansaldo STS will take over all active and passive legal relationships owned by Ansaldo Signal NV.
Final approval of the transaction, which will take legal and accounting effect on 1 October 2009 unless otherwise specified in the merger deed, is expected to be given at the end of April or the beginning of May. In accordance with the law, Ansaldo STS will make available the following documentation to shareholders at the company's headquarters (via P. Mantovani, 3-5, Genoa) and on its website (www.ansaldo-sts.com): the merger plan, the report prepared by the directors, the accounts of the companies involved in the merger (that is the draft annual reports to 31 December 2008) and the last three approved financial statements. The same material (except for the last three approved financial statements) will also be available at Borsa Italiana SpA ( www.borsaitaliana.it).

**ORDINARY SHAREHOLDERS' MEETING CONVENED**

The Board of Directors convened the ordinary shareholders' meetings for 27 April 2009, with second call on 28 April 2008.

* * *

The Board also approved the Corporate Governance Report, which contains information on shareholder structure pursuant to article 123-*bis* of the Testo Unico della Finanza law, and which will be published in the time and manner required by current legislation.

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**Ansaldo STS confirms** *that at 4pm on Monday 9 March,* ***the management will be available*** *to comment on the above, via conference call and a presentation to be held at:*

***Borsa Italiana (Blue room)***
***Palazzo Mezzanotte***
***Piazza degli Affari 6***
***MILAN***

*To take part in the* ***conference call****:*
*Italy: +39 02 802 09 11 - UK: +44 208 79 29 750 - USA: +1 866 23 96 425*

*To* ***replay the conference call*** *in the 72 hours following the call, using access code 807#*
*Italy: +39 02 80 61 37 80 - UK: +44 207 10 86 235*

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NB:

The management of Ansaldo STS also assesses the financial performance of the group and its business segments based on a number of indicators not provided for by IFRS.
As required by Communication CESR/05-17 b, the components of each of these non-GAAP alternative performance indicators used in this press release are defined below.

- EBIT: i.e. earnings before interest and taxes, with no adjustments. EBIT also does not include costs and income resulting from the management of unconsolidated equity investments and other securities, nor the results of any sales of consolidated shareholdings, which are classified on the financial statements either as "finance income and costs" or, for the results of equity investments accounted for with the equity method, under "effect of the accounting for equity investments with the equity method".

- Return on Sales (ROS): is calculated as the ratio of adjusted EBITA to the total revenue.

- Free Operating Cash Flow (FOCF): This is the sum of the cash flow generated by (used in) operating activities and the cash flow generated by (used in) investment and divestment of intangible assets, property, plant and equipment, and equity investments, net of cash flows from the purchase or sale of equity investments that, due to their nature or significance, are considered "strategic investments". The calculation of FOCF for the periods concerned is presented in the reclassified statement of cash flows shown in the previous section.